

## **OTHER MATTERS**

The Long-Term Care Reimbursement Unit is currently implementing the Quality Assurance Fee (QAF) program, which was enacted in State law as Sections 1324 through 1324.14 of the California Health and Safety Code. These provisions require the DHS to impose a quality assurance fee of six percent of the entire gross receipts for each Intermediate Care Facility (ICF) for the Developmentally Disabled (DD), ICF/DD-Habilitative, and ICF/DD-Nursing. For the purposes of this program, the term "gross receipts" is defined as compensation for services provided to residents of a designated ICF, not including the following.

1. Return of any amounts to the payer as a result of overpayments.
2. Bad debts.
3. Vendor rebates received by the facility.
4. Charitable contributions received by the facility.

As a condition for the ICFs to participate in the Medi-Cal program, payments to the DHS must be made on or before the last day of each calendar quarter following the calendar quarter for which the fee is imposed. The DHS has the discretion to make retrospective adjustments as necessary to ensure that the fees collected do not exceed the six percent.

A per-diem add-on will be added to the regular reimbursement rate for each patient day of service during each quarter, in accordance with California's Medicaid State Plan. The add-on will be computed annually to provide reimbursement for the fee paid by the ICFs as a part of their Medi-Cal reimbursements. In many cases, the add-on to the rate will exceed the amount of the fee paid, reflecting other extraordinary costs experienced by the facilities. For the 2003-2004 rate year, the program has the effect of raising the daily reimbursement rates for all non-state owned ICFs by 9.57%. The program will be implemented on a retroactive basis to the beginning of the State fiscal year, July 1, 2003.

The enabling legislation for this program gives the director of the DHS the option of implementing the program by means of a provider bulletin, or other similar instructions, without taking regulatory action.